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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Proposed budget of the Office of Internal Oversight Services under the support account for peacekeeping operations for the period from 1 July 2015 to 30 June 2016

Report of the Independent Audit Advisory Committee

Summary

The present report contains the comments, advice and recommendations of the Independent Audit Advisory Committee on the proposed budget of the Office of Internal Oversight Services under the support account for peacekeeping operations for the period from 1 July 2015 to 30 June 2016.

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I. Introduction

1. The Independent Audit Advisory Committee presents herein its comments, advice and recommendations to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, on the budget of the Office of Internal Oversight Services (OIOS) under the support account for peacekeeping operations for the period from 1 July 2015 to 30 June 2016. The report is submitted in accordance with paragraphs 2 (c) and (d) of the Committee's terms of reference (General Assembly resolution 61/275, annex).

2. The Committee has a responsibility to examine the workplan of OIOS, taking into account the workplans of the other oversight bodies, and to advise the General Assembly thereon, to review the budget proposal of the Office, taking into account its workplan, and to make recommendations to the Assembly through the Advisory Committee. The Committee undertook its review of the OIOS workplanning process and the proposed budget for OIOS under the support account for peacekeeping operations for the period from 1 July 2015 to 30 June 2016 during its twenty-eighth and twenty-ninth sessions, held from 10 to 12 December 2014 and from 18 to 20 February 2015, respectively.

3. The Committee appreciates the efforts of the Office of Programme Planning, Budget and Accounts and OIOS in providing the Committee with the relevant documents for consideration. OIOS also provided supplementary information in response to various questions from the Committee.

II. Background

4. The proposed OIOS budget under the support account for peacekeeping operations for the period from 1 July 2015 to 30 June 2016 is estimated at $32,382,200 (gross), which represents an increase of $1,289,200 (gross), or 4.1 per cent, over the prior year's approved budget of $31,093,000 (gross). The increase is attributed to post resources, consultancy, and official travel. The post-related costs increased by 15 per cent, from $20,890,800 to $24,019,600, due, inter alia, to the proposed conversion of 12 general temporary assistance positions to posts. Consequent to the proposed conversion of general temporary assistance resources to regular posts, the proposed requirement for general temporary assistance resources has decreased by 23.8 per cent, from $7,665,400 to $5,839,300. With the exception of general temporary assistance, the major decrease in the non-post costs was due to the reduction in the information technology costs.

5. The proposed financial resources for OIOS for 2015/16 as compared with 2014/15 are provided in table 1.

Table 1
Financial resources
(Thousands of United States dollars)

	Approved 2014/15	*Proposed 2015/16*	*Variance* (United States dollars)	*Variance* (Percentage)
Internal Audit Division	18 272.00	19 224.30	952.30	5
Inspection and Evaluation Division	949.40	1 280.80	330.40	35
Investigations Division	10 952.50	10 960.80	8.30	0
Executive Office	919.10	916.30	-2.80	0
Total	**31 093.00**	**32 382.2**	**1 289.20**	**4.1**

Note: Budget figures provided by the Office of Programme Planning, Budget and Accounts, Peacekeeping Financing Division.

6. The Committee recognizes that the consideration of the OIOS budget proposals with regard to the specific grade level of OIOS posts and requests for non-post resources is more appropriately within the remit of the Advisory Committee on Administrative and Budgetary Questions. The Independent Audit Advisory Committee's review, comments and advice will therefore focus on the scope of its own terms of reference with respect to the workplanning and budgeting process of OIOS. In accordance with its terms of reference, the Committee will submit the present report to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions. Arrangements will be made to interact with the Advisory Committee to discuss the contents of the report.

III. Comments of the Independent Audit Advisory Committee

A. Internal Audit Division

7. In the reports it has issued since its inception, the Committee has made a number of recommendations relating to the work of OIOS in general and the workplanning and budgeting process of the Internal Audit Division in particular. The recommendations have included, inter alia, that OIOS employ more capacity gap analysis to its work so as to ensure that resources are allocated adequately to achieve its mandate; that OIOS ensure that workplan implementation is considered high priority since resources are allocated based on the expectation that workplans will be fully implemented; that OIOS refine its risk-based workplan so as to capture high-risk areas such as procurement; and that OIOS conduct more strategic and comprehensive audits based on risks recently identified in the major organizations. The Committee notes that OIOS has made efforts to implement most of these recommendations. The Committee also notes that the Internal Audit Division continues to employ residual risk as the basis for its workplan, and that aligning its workplan to the enterprise risks of the Organization continues to be a priority of the Office.

8. The Internal Audit Division is the largest of the three divisions of OIOS and represents close to 59 per cent of the OIOS budget under the support account. A

substantial portion of the Committee's deliberations and discussions therefore continues to be devoted to the Division's workplan and budget.

Risk-based workplan of the Internal Audit Division

9. In paragraph 26 of its report (A/64/652), the Committee recommended that the Internal Audit Division adopt and implement a more robust plan to prepare audit workplans that are based on residual risk. In paragraph 12 of its report (A/66/85), the Committee acknowledged that the audit of key controls should lead to the determination of the residual risks faced by the Organization, and looked forward to receiving future budgets of OIOS based on residual risk.

10. The Committee was informed that in developing the 2015/16 workplan, the Division validated the previous year's audit universe and updated the audit risk assessments for all the departments, programmes and missions. OIOS further indicated that the risk-ranked audit universe of auditable activities was developed taking into account the impact and likelihood of risks, and controls that exist to manage risk; previous oversight activities; results of ongoing interactions/consultations with various divisions, management, the Board of Auditors and the Joint Inspection Unit. Thus, with regard to the current resource request, the Committee was informed that the Division's annual workplan was based on a residual risk-ranked audit universe of auditable entities.

11. Accordingly, as shown in table 2, OIOS indicated that the Division plans to undertake 94 audit assignments related to peacekeeping operations for the fiscal period 2015/16. This represents a 6 per cent reduction from the previous period. According to OIOS, procurement, property and facilities management, and programme and project management have presented the highest risks for a peacekeeping operation's ability to achieve its objectives, hence the significant increase in the number of audits in those areas. OIOS has indicated that it will continue to consult with management during the period, monitor the risks identified in the missions, and, if required, revise the workplan on the basis of emerging risks and priorities.

Table 2
Trends in the number and distribution of Internal Audit Division assignments

	Fiscal year					*Variance between 2014 and 2015*	
Focus area	*2011*	*2012*	*2013*	*2014*	*2015*	*Number of assignments*	*(Percentage)*
Logistics	13	16	19	28	16	-12	-43
Programme and project management	12	17	13	16	19	3	19
Property and facilities management	7	5	15	9	20	11	122
Safety and security	14	4	7	6	3	-3	-50
Human resources management	10	4	8	17	18	1	6
Financial management	5	6	10	12	4	-8	-67
Governance and strategy	8	10	1	0	0	0	0
Information technology	3	3	3	10	4	-6	-60
Procurement	1	6	9	2	10	8	400
Total	**73**	**71**	**85**	**100**	**94**	**-6**	**-6**

Thematic and stand-alone audits

12. In paragraph 8 of its report (A/65/329), the Committee noted that OIOS could add value to its oversight work by conducting more audits of crosscutting and systemic issues, i.e., thematic audits. The Committee therefore recommended that, in preparing its workplan, OIOS place greater emphasis on audits of cross-cutting issue in order to identify prevalent systemic issues that need to be addressed by management as a priority.

13. For 2015/16, OIOS indicated that it had identified several high-risk thematic areas that it planned to concentrate on, including property and facilities management, human resources management, and procurement. As table 3 shows, 34 of the 94 assignments will be thematic engagements. **The Committee continues to commend the Internal Audit Division for the effort it is putting into thematic audits, and will continue to monitor this matter in future budgets.**

Table 3
Thematic and non-thematic assignments planned by the Internal Audit Division for 2015/16, by focus area

	Number of assignments		
Focus area	*Thematic*	*Non-thematic*	*Total*
Logistics		16	16
Programme and project management		19	19
Property and facilities management	14	6	20
Safety and security		3	3
Human resources management	13	5	18
Financial management		4	4
Information technology		4	4
Procurement	7	3	10
Total	**34**	**60**	**94**

Capacity gap analysis

14. In paragraph 17 of its report (A/66/737), the Committee recommended that, as OIOS continued to move towards a robust risk-based approach to its workplan, it should conduct more capacity gap analyses. During its deliberations, the Committee was informed that the Internal Audit Division had identified some gaps in resources in two missions, the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic and the United Nations Multidimensional Integrated Stabilization Mission in Mali. However, according to OIOS, since those missions had just been established, no additional resources were needed currently. Rather, OIOS believes that any gaps identified will be met through redeployments from gradually downsizing missions.

15. Accordingly, OIOS has proposed the conversion of 12 general temporary assistance positions to regular posts, redeployment of 3 posts from the United Nations Stabilization Mission in Haiti, the United Nations Mission in Liberia and the United Nations Operation in Côte d'Ivoire to the United Nations Logistics Base

at Entebbe, Uganda, and the United Nations Support Office for the African Union Mission in Somalia, and the reassignment of 1 post from the African Union-United Nations Hybrid Operation in Darfur (UNAMID) to the Inspection and Evaluation Division. This will result into a net reduction of 1 post, from 98 to 97, for the Internal Audit Division.

16. **Having considered the workplan of the Internal Audit Division and taking into account the previous recommendations and clarifications from OIOS, the Committee endorses the resource requirement as proposed.**

B. Inspection and Evaluation Division

Workplan implementation

17. In paragraph 24 of its report (A/67/772), the Committee recommended that, in order for the Inspection and Evaluation Division to ensure its relevance to decision makers, it should, inter alia, finalize its reports in a timely manner. During the deliberations, the Committee was informed that of the three evaluation assignments for the fiscal year 2013/14, namely, evaluation of standing police capacity, evaluation of protection of civilians, and evaluation of protection from sexual exploitation and abuse, only one (protection of civilians) was completed on time. The remaining two reports had not been completed as at the time of this report. **The Committee is concerned with the ripple effect the failure to complete assignments on time will have on subsequent workplans, and calls on OIOS to ensure that the delays have no such effect**.

Risk-based workplan and budget proposal

18. With respect to risk assessment, the Committee was informed that the Inspection and Evaluation Division updated its risk assessment on the basis of, inter alia, the Internal Audit Division risk assessment, past evaluations conducted by OIOS, analysis of the priorities set by the General Assembly, the Secretary-General and other stakeholders; changes in the peacekeeping environment; and mission-specific reports from the five largest missions. The Committee was further informed that, as a result of the assessment, 37 thematic risks were identified, of which 15 were considered high risk, 7 moderate and 15 low risk.

19. In addition, with regard to mission-specific risks, OIOS noted that it had taken into account the recently established High-level Independent Panel on Peace Operations. OIOS identified 3 missions that were considered high risk, 5 medium risk and 7 low risk; one was not rated.

Capacity gap analysis and the budget proposal

20. In paragraph 20 of its report (A/68/773), the Committee observed the disparity in the resources available to the Inspection and Evaluation Division under the regular budget compared to those under the peacekeeping budget. In this regard, the Committee recalls its prior recommendation that OIOS conduct risk-based capacity gap analysis to determine the appropriate staffing and other resource requirements.

21. During the deliberations, the Committee was informed that the Inspection and Evaluation Division had decided to prioritize its high-risk thematic areas, and noted that it would conduct four evaluation assignments during the fiscal year 2015/16. To

complete the four assignments would require two additional posts as opposed to the current three, hence the decision of OIOS to request the reassignment of two posts from the Internal Audit Division and the Investigations Division. This will increase the number of posts for peacekeeping-related activities to 5 compared to 23 in the regular budget.

22. **Having considered the workplan of the Inspection and Evaluation Division and capacity gap analysis, and the delays in completing assignments notwithstanding, the Committee endorses the resource requirement, which it feels is a step in the right direction as far as ensuring that all high-risk aspects of the Organization are adequately covered. However the Committee still believes that more needs to be done to strengthen the evaluation capacity of peacekeeping activities.**

C. Investigations Division

Workplan implementation

23. In reviewing the workplan implementation of the Investigations Division, the Committee focused on its prior recommendations. Specifically, the Committee was concerned that the high vacancy rates in the peacekeeping sections of the Division would have a negative impact on the ability of OIOS to fulfil its mandate. The Committee had also expressed concerns over the delays in completing investigation assignments.

24. With respect to vacancies, the Committee was informed that OIOS had taken steps to address this issue, and that the vacancy rate would be reduced significantly when all the selected candidates were on board. The Committee notes the efforts of OIOS to fill the vacancies, which according to OIOS, if effectively implemented, would lead to a reduction in the vacancies from 37.9 per cent to about 14 per cent. A 14 per cent vacancy rate would be close to the rate for the support account indicated in the report of the Secretary-General on the budget performance of the support account for peacekeeping operations (A/69/653).

25. With regard to the delays in the disposition of investigation cases, the Investigations Division informed the Committee of the continuing improvements in reducing the number of carry-over assignments. Specifically, as at 30 October 2014, the number of carry-over assignments had declined to 76, from 110 at the beginning of the year. OIOS also indicated that, of the 76 open cases, 66 per cent had been open for less than one year, 25 per cent were open for a period of one to two years and 9 per cent were open for more than two years. Compared to the previous year, when half of the cases were open for more than one year, there was a significant reduction of such cases, to 34 per cent (see figures 1 and 2 below). Furthermore the Committee was informed that the target for completing simple cases was 3 months and for complex ones 6 to 12 months. **The Committee will review this matter and opine in its annual report.**

Figure 1
Summary of all open cases in 2013

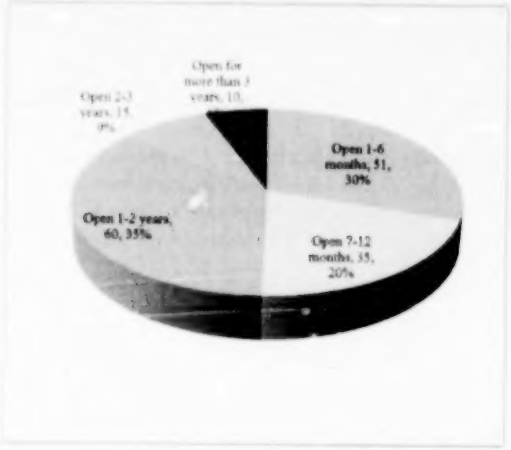
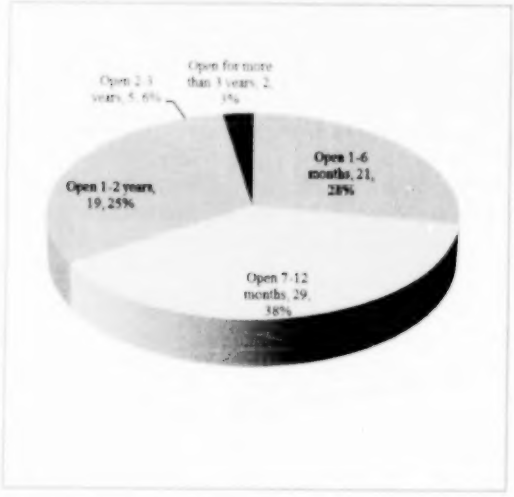


Figure 2
Summary of all open cases in 2014



Workplan and resource requirement

26. The Investigations Division request reflects the current staffing level, save for one post, referred to in paragraph 21, that is being reassigned to the Inspection and Evaluation Division. OIOS informed the Committee that the 2015/16 budget includes the cost of maintaining the new case management system that is being introduced into the Investigations Division. OIOS anticipates that the new system will lead to streamlined case management, more effective monitoring, enhanced security of information, and efficiency gains.

27. As previously reported (A/68/773, para. 25), OIOS had informed the Committee that the Division's 2014 workplan aimed to move to a more risk-based methodology, strengthen the Division, and enhance productivity by encompassing three comprehensive goals, namely, a very clear focus on fraud in high-risk operations; implementation of the restructuring of the Investigations Division, substantively on the basis of information garnered from the pilot project; and the completion of the implementation of recommendations of the OIOS independent expert panel review of the Investigations Division.

Anticipated caseload

28. During the discussions with OIOS, the Committee was informed that, given the largely reactive nature of the cases dealt with by the Investigations Division, it was always a challenge to estimate the volume of matters that the Division would address in the course of any reporting period. During the previous fiscal year, OIOS further stated that the five-year trend was for an annual intake of approximately 600 matters, some 150 of those resulting in investigations, the remaining matters being subject to referral to other entities, validation, or filed for information. For 2015/16, the Committee was informed that the expected five-year trend for the annual intake is 424 cases, of which an estimated 139 or 33 per cent will be investigated. The trend for peacekeeping operations is estimated at 293 cases, of which 93 or 32 per cent will be investigated. In contrast to previous years, OIOS expects that most of the investigations will pertain to personnel matters (46 per cent) and sexual exploitation and abuse (20 per cent), while finance and procurement will comprise 14 and 11 per cent respectively.

29. **The Committee stresses the need for OIOS to address the vacancy issues in the Investigations Division in order to make progress on its open caseload. Having reviewed the workplan and budget proposal, and notwithstanding the need to show more progress in addressing the delays in completing investigations, the Committee endorses the resource level for the Investigations Division as requested, which includes the reassignment of one post to the Inspection and Evaluation Division, referred to in paragraph 21.**

IV. Conclusion

30. The members of the Independent Audit Advisory Committee respectfully submit the present report containing its comments and recommendations for consideration by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly.

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